



# U.S. House of Representatives Committee on the Judiciary F. James Sensenbrenner, Jr., Chairman

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## ***News Advisory***

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Contact: Jeff Lungren/Terry Shawn  
202-225-2492

## **House Approves Legislation Cracking Down on Fraudsters and Scam Artists During Disaster Assistance**

### ***Combats Waste, Fraud, and Abuse Such as the Hundreds of Millions of Dollars Fraudulently Obtained After Hurricane Katrina***

WASHINGTON, D.C. – The House today by voice vote approved legislation cracking down on fraudsters and scam artists who improperly attempt to obtain emergency and disaster benefits such as after Hurricane Katrina last year. House Judiciary Committee Chairman F. James Sensenbrenner, Jr. (R-Wis.) introduced H.R. 4356, the “Emergency and Disaster Assistance Fraud Penalty Enhancement of 2005.” This legislation now moves to the Senate for consideration.

Chairman Sensenbrenner stated, “As we unfortunately witnessed last year, fraudsters and scam artists viewed the Hurricane Katrina relief efforts not as a humanitarian rebuilding effort but as an opportunity for deceitful exploitation of the generosity of the American people. While the Justice Department has aggressively prosecuted these crooks, it is clear the current penalties are not sufficient to deter this theft.”

The United States Government Accountability Office (GAO) has testified that the Federal Emergency Management Agency (FEMA) has paid an estimated \$600 million to \$1.4 billion in improper and potentially fraudulent disaster assistance claims in the aftermath of Hurricanes Katrina and Rita. Thus far, 24 United States Attorneys have charged 261 people in 218 cases with various criminal activities, and obtained 44 guilty pleas or convictions.

GAO also reported examples of the types of disaster assistance crimes typically perpetrated on the American taxpayer. In one common scam, FEMA provided millions of dollars in rental assistance to over 1,000 individuals who used the names and Social Security numbers of prison inmates to obtain benefits.

In another instance, 750 debit cards containing more than \$1.5 million in disaster assistance

funds were provided to individuals who were not actual victims of the storms. GAO determined that some of these funds were used to procure things like diamond jewelry, Caribbean vacations, professional football tickets, and divorce lawyer services. In another case, FEMA paid \$139,000 in fraudulent claims to an individual who used 13 different Social Security numbers to obtain benefits.

H.R. 4356 will enhance Federal law enforcement's ability to combat and deter disaster fraud by:

1. Creating a new federal crime to prohibit fraud in connection with any emergency or disaster benefit, including federal assistance or private charitable contributions, as long as the benefit was authorized or paid in interstate commerce, transported through the mail, or is any thing of value of the United States. The penalty for engaging in such fraud is a fine or imprisonment of up to thirty years.
2. Amending the Federal mail and wire fraud statutes to add emergency or disaster benefits fraud to the 30-year maximum penalties in those statutes. Currently, the 30-year maximum is reserved only for cases involving fraud against financial institutions.
3. Directing the United States Sentencing Commission to review existing penalties for disaster assistance fraud, amend the Sentencing Guidelines as necessary, and report back to the Judiciary Committees of Congress.

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